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On Behalf Of
The American Association of Airport Executives/Airports Council International-North America
House Aviation Subcommittee
Airline Passenger Baggage Screening: Technology and Airport Deployment Update
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Chairman Mica, Ranking Member Costello, I want to thank you and the subcommittee for holding this important hearing on passenger baggage screening. I am testifying today on behalf of the American Association of Airport Executives (AAAE), Airports Council International – North America (ACI-NA), and our Airport Legislative Alliance, a joint legislative advocacy organization. AAAE represents the men and women who manage primary, commercial service, reliever, and general aviation airports. ACI-NA represents local, regional and state governing bodies that own and operate commercial airports in the United States, and Canada.

The airport community is grateful for your continued interest in this topic, and we appreciate the leadership and resolve you continue to demonstrate in pursuing more efficient and effective approaches to aviation security. With an additional 300 million passengers expected to be added to our already crowded aviation system within the next decade, it is clear that the aviation security model in use today requires substantial change.

This hearing is especially timely given the situation that is emerging at a number of airports across the country this summer with air travel reaching record levels. Estimates are that nearly 210 million passengers will travel on flights from U.S. airports between Memorial Day weekend and Labor Day – nearly 10 percent more than previous highs dating back to before September 11, 2001. What travelers are finding – as many of you on the subcommittee can attest to as frequent fliers – is that the trip to the airport is quickly becoming a test of patience and endurance due in large part to the ongoing challenges TSA faces in meeting its passenger and baggage screening mandates.

Overcrowding at ticketing areas due to increased passenger volume and the presence of SUV-sized explosive detection (EDS) equipment that has been parked by TSA “temporarily” for the past three or four years in terminal buildings continues to be a problem at a number of airports. Many of those machines have been placed in airport ticketing lobbies without the kinds of integrated approaches that take maximum advantage of their certified throughputs and alarm reconciliation capabilities. The result, too often, is crowded airport lobbies (a safety and security hazard), major backups at a number of security screening checkpoints, and a huge and unnecessary increase in the number of TSA personnel necessary to operate the equipment. At many airports with ETD solutions, especially during peak times, TSA checkpoint screeners are directed to baggage screening, resulting in extremely long lines at the passenger checkpoints.

Recognizing the problems inherent in the existing, labor-intensive passenger and baggage screening model, the airport community has for several years now been very vocal in encouraging the federal government to embrace technology as a means of expediting the passenger and baggage screening process and better utilizing scarce federal resources. While there are a number of new technological tools that merit serious consideration, the greatest area of opportunity in terms of enhanced security, increased efficiency, and potential long-term TSA budget savings comes from the development of integrated baggage systems utilizing state-of-the-art EDS equipment in our nation’s airports.

Before outlining the case for in-line EDS installation in more detail, I want to acknowledge and thank the subcommittee for the significant role it has played in working to secure funding for this purpose. We are particularly grateful for your efforts as part of VISION-100 to establish and authorize at \$500 million annually (\$250 million of which is mandatory spending) the Aviation Security Capital Fund to fund in-line projects at airports.

As you know, the VISION-100 provisions, which have produced much-needed funding that would have been otherwise difficult to obtain, expire at the end of FY 2007. It is our hope that the Congress will extend these provisions and increase the amount of funding provided for critical in-line EDS installation projects. Not surprisingly, the provisions that provide for mandatory spending for these improvements have proven to be most critical, and it is our hope that Congress will increase the amount of mandatory spending above the current \$250 million level. We look forward to working with the subcommittee and other appropriate committees to secure these necessary statutory changes.

In-Line EDS Systems: Enhanced Security, Improved Efficiency, Reduced TSA Personnel Costs

As the 9/11 Commission and others have noted, moving EDS equipment from crowded airport lobbies and integrating them “in-line” into systems that move bags from the check-in counter to appropriate loading areas greatly enhances security by reducing congestion in key areas. Additionally, in-line systems enhance the efficiency of operations at airports and produce significant personnel savings for the federal government. A \$3.5 million one-time investment in an in-line system in Lexington, Kentucky, for example, has produced more than \$3 million in annual personnel savings for TSA. At John Wayne Airport in California, annual personnel savings run from \$8 million to \$10 million. Larger airports with in-line systems are reporting even greater annual personnel savings for the federal government.

In a March 2005 report (GAO-05-365) entitled “System Planning Needed to Optimize the Deployment of Checked Baggage Screening Systems,” the Government Accountability Office found that at the nine airports where TSA has committed resources to moving EDS equipment in-line, those systems will save the federal government \$1.3 billion over seven years through a dramatic reduction in personnel requirements. Specifically, it is estimated that in-line EDS systems at those nine airports will reduce by 78 percent the number of TSA baggage screeners and supervisors required to screen checked baggage from 6,645 to 1,477. The report further notes that TSA will recover its initial investment in in-line systems at those airports in just over a year.

Additionally, these systems provide other labor savings to the TSA. The in-line system at Tampa International Airport, for example, has also been shown to reduce the rate of TSA screener on-the-job injuries and their direct and indirect costs. Earlier this year, TSA testified that it would likely spend tens of millions of dollars on workers compensation claims in fiscal year 2007. By moving equipment in-line, fewer personnel would be needed resulting in fewer injuries and less time off the job, all of which would contribute to substantial savings for the agency as well as better performance.

Despite Benefits, Federal Government Has Made Only Modest Progress Deploying In-Line Systems

Although the merits of in-line EDS installation are clear, the federal government has made relatively little progress in deploying these systems in commercial service airports. In fact, only 20 or so commercial service airports – out of 430 – currently have operational in-line systems throughout their facilities, according to TSA. While an additional 20 or so have partial in-line systems, it is clear that much work remains to be done to move EDS equipment in-line at airports where an integrated approach makes sense. It is worth noting that the Canadian Air Transportation Security Authority (CATSA), working with airport operators, has already paid for the installation and is now operating in-line baggage screening at all major Canadian airports. We would be wise to study those successes and incorporate best practices where appropriate.

Not surprisingly, resource constraints are a key reason for the lack of progress to this point in U.S. airport facilities. Making the necessary changes at airports – reinforcing flooring, electrical upgrades, building new facilities, etc. – are difficult and expensive. Cost estimates have run in the \$4 billion to \$5 billion range for airports nationwide, although those figures are likely conservative given the skyrocketing price of materials and other factors. While finding billions of dollars to devote to these projects is difficult given existing budget constraints, it is clear that these upfront capital costs are modest when compared to the extraordinary expenses necessary to pay for literally thousands of extra screeners year after year using today's model. Had these investments been made after 9/11, TSA would already be realizing tens of millions of dollars in annual labor savings.

Through fiscal year 2006, Congress has appropriated \$2.078 billion for EDS-related terminal modifications, although significant portions of the funds secured immediately after 9/11 were used by TSA on the short-term challenges associated with getting EDS machines in airports to attempt to meet statutory deadlines. The vast majority of the resources that were not used initially to place EDS equipment in airports have been devoted to the nine airports that participated with TSA in the Letter of Intent (LOI) process – Atlanta; Boston; Denver; Dallas/Fort Worth; Las Vegas; Los Angeles and Ontario International; Phoenix; and Seattle-Tacoma.

The LOI process, which this subcommittee was instrumental in creating and which airports have fully supported, allows interested airports to provide immediate funding for key projects with a promise that the federal government will reimburse the airport for those expenses over several years. While Vision-100 provided that the federal share of these projects should be 90 percent, the Administration has insisted that they be funded at only 75 percent. Airports have always contended that the costs of in-line projects should be met entirely by the federal government given its direct responsibility for baggage screening established in law, in light of the national security imperative for doing so and because of the economic efficiencies of the strategy.

The following lists the LOI airports and the amount of federal funding each is scheduled to receive for projects at those airports (FY 2003 through FY 2007):

LOI Airports

Airport	Federal Contribution
Atlanta	\$93.75 million
Boston Logan	\$87 million
Dallas/Fort Worth	\$104.4 million
Denver International	\$71.25 million
Las Vegas McCarran	\$93.75 million
Los Angeles/Ontario	\$256.5 million
Phoenix	\$91.5 million
Seattle/Tacoma	\$159 million
Total LOI Airports:	\$957.15 million

While the LOI process has worked well at these critical airports, the Office of Management and Budget (OMB) has refused to allow TSA to issue additional LOIs to airports for in-line projects. We continue to believe this is a short-sighted view of the problem that ignores the long-term benefits that can be achieved by immediately investing to make the terminal modifications necessary to accommodate EDS equipment.

The fiscal year 2007 budget request calls for \$344 million for in-line EDS installation, \$187 million of which would be used to fulfill all remaining requirements for the LOI airports listed above. Under the budget request, \$157 million would go to additional airports via Other Transactional Agreements (OTAs). While it is encouraging that some funding may be used in FY 2007 to reach additional airports, it is clear

that \$157 million is woefully inadequate next to the billions of dollars in needs that remain at the dozens of airports where in-line systems make sense.

As the FY 2007 budget makes perfectly clear, the federal government does not yet have a long-term EDS solution in place at a significant number of airports across the country. For the past several years, the Administration has been content to put forward budgets that fulfill LOI commitments and offer little more. Unless Congress acts to extend the provisions in VISION-100 referenced earlier that provide for mandatory funding for in-line systems, it is likely that future budget requests will be even more anemic.

Recommendations for Future Action to Expedite In-Line EDS Installation

In our view, Mr. Chairman, the federal government's existing incremental approach to deploying in-line systems is inadequate and short-sighted. It is time to move beyond this "penny wise, pound foolish" approach and move in a new direction. Along those lines, the airport community recommends that Congress consider the following:

- **Extend and Enhance Vision-100 Provisions That Authorize and Guarantee Funding for In-line Projects.** With the key provisions mentioned earlier set to expire at the end of FY 2007, Congress should act as early as possible to extend the Aviation Security Capital Fund and ensure the continuation of mandatory spending at increased levels.
- **Pursue Creative Approaches to Address the Existing EDS Installation Funding Shortfall.** In recognition of the realities of the federal budget, Congress should pursue creative approaches to address the existing EDS installation shortfall. The LOI process worked well in encouraging individual airports to move forward with in-line projects even though those projects are clearly a federal responsibility. Although the LOI process appears to have been abandoned by the federal government, airport managers have repeatedly expressed to TSA their willingness to accommodate a wide variety of financing options to help the federal government fulfill its responsibilities in this area.

We are encouraged by the ongoing work of TSA through its Baggage Screening Investment Study. Several leaders in the airport community including Bill DeCota of the Port Authority of New York and New Jersey; Erin O'Donnell of the City of Chicago Department of Aviation; Jim Bennett of the Metropolitan Washington Airports Authority; Steve Grossman of the Port of Oakland; Jim Koslosky of the Kent County Aeronautics Board; and Louis Miller of the Hillsborough County Aviation Authority are involved with this process as Steering Committee members. Gina Marie Lindsey, the former director of the Seattle/Tacoma airport, is also actively engaged with the study as are key representatives of U.S. air carriers.

As we understand it, the group is tasked with identifying the universe of airports where in-line systems make sense and building a consensus around creative approaches to expediting the installation of equipment at those airports. Given the wealth of experience involved with this effort, it is our hope that the Administration and the Congress will carefully review the recommendations of this group and work diligently to implement those recommendations at the earliest possible date.

- **Make the Screening Partnership Program a Viable Option for Airports.** While there are a number of airports that are not interested in participating in the Screening Partnership Program under any circumstances, there are others that would like to see the program become a viable option. Unfortunately, the role of local airport operators in the existing program is minimal. The only real authority that an airport operator now has is to raise the issue at the beginning of the process and express an interest in having TSA use a private contractor. After that, airports have virtually no say in how screening operations will be designed. They are not allowed to decide the specific qualified screening company that will operate at their airport, and they have no role in deciding how screening

will ultimately function at their facility. Given the existing construct, it is not surprising that only a couple of smaller airports have expressed an interest in opting out beyond the original five SPP pilot airports.

In order to make the opt-out program truly viable, the law must be changed to give airports additional control over the design and implementation of plans for passenger and baggage screening at their individual facilities. Airports must be free, should they so choose, to select and contract directly with the qualified companies with which they intend to work and establish the scope of work rather than wait for TSA to make such decisions. TSA should remain responsible for establishing standards and providing regulatory oversight, but airports should be given the freedom to decide how best to get the job done. We believe that TSA is best suited for regulatory functions while airport operators and their private sector partners are best suited for operational and customer service functions.

Many of these items obviously require statutory changes. As Congress moves forward with its discussion in this area, we would encourage you to consider the following:

Airport operators must be given the authority to select and enter into contracts directly with qualified screening companies to screen passengers and property at the airport. Under current law, airports simply apply to participate in the program and then rely on TSA to select qualified vendors. TSA – as opposed to airports – enters into contracts with those vendors to perform passenger and baggage screening. Airports must be given a more prominent role in the process and more control in managing the contracts and performance.

Airport operators must be given the ability to perform passenger and baggage screening directly if they so choose. The law must make clear that airport operators should be able to qualify as a qualified screening company.

TSA should establish a notification process under which airports submit a detailed proposal for passenger and baggage screening for approval. Under current law, interested airports apply to participate and the process moves on from there without their involvement. Interested airports should be encouraged to work closely with qualified private sector partners and then submit that plan to TSA for approval.

Adequate funding must be provided to ensure that airports can cover the costs associated with screening and debt service on security-related capital improvements such as in-line EDS projects.

The program should be expanded to allow interested airports to assume responsibility for screening cargo in addition to passengers and baggage screening.

This is not intended to be a comprehensive and final list, but it is included for purposes of moving the discussion forward and to give the Congress an idea of some of the specific concerns that a number of airport operators have raised as impediments to participation. If some of these items were to be resolved, we believe that many airports would at minimum give the program a much closer look.

In addition to encouraging additional local involvement and new and creative approaches to screening, an expanded SPP program potentially could be utilized to move forward with the in-line installation of EDS equipment at participating airports. By providing interested airport operators with additional control and a steady and reliable funding stream – either by guaranteeing a base level of continued funding to support screening operations or by alternative means such as a formula that captures key airport characteristics such as passengers and amount of baggage screened – some

airports might be willing to move forward on their own with in-line systems. The concept here is to capture and utilize the eventual personnel savings from in-line systems to pay for the initial capital investment and debt that a participating airport would use to fund that system.

Again, even if Congress is able to make all of the changes highlighted here, there are a number of airports across the country that will not be interested in participating in the SPP. For that reason, it is imperative that TSA be encouraged to be innovative, creative, flexible, and inclusive in its approach to screening regardless of the type of employee who ultimately screens the passenger or their baggage. The keys are local flexibility, airport involvement, and tough security standards that all organizational models are compelled to meet.

Finally, we also urge TSA to continue its work with airport operators and managers to ensure that proposed solutions and changes are really the best course at an individual facility. Airport professionals understand the configuration and layout of their facilities better than anyone and are uniquely suited to highlight where pitfalls lie and where opportunities exist. In addition, TSA must continue to work with airport operators to optimize the use of limited space in airport facilities and to pay airports for the agency's use of space in accordance with the law.

Airports are pleased to see funding in the TSA budget request for ongoing maintenance of EDS machines. As the machines age and as their use continues to grow and their warranties expire, it is critical that funding is provided to keep the existing machines in operation and to restore machines that fail.

Encouraging Development and Deployment of New EDS Technology

In addition to investing in necessary infrastructure improvements and maintenance, the federal government needs to look toward the promise of new technology and invest in making those promises a reality. We remain convinced that there are a number of additional applications for new technology to improve baggage screening. "On-screen" resolution using EDS equipment, for example, offers great promise in enhancing the efficiency of integrated in-line baggage systems, and the utilization of technology to achieve that goal should be encouraged.

The key is for the federal government to encourage innovation in these areas and to make it a priority to investigate and approve new technology as quickly as possible. We are encouraged by the certification by TSA of smaller "next-generation" EDS equipment that can be more easily integrated into check-in areas. At many smaller airports across the country, in-line solutions will not be feasible for one reason or another, so the rapid deployment of this type of equipment holds tremendous promise as a possible replacement for personnel-intensive trace detection equipment. We commend TSA for its efforts to certify and deploy this equipment at several pilot-program airports and urge that the results of these pilots be evaluated and incorporated into future practices. We also urge TSA to move new technologies through the testing and certification process as expeditiously as possible.

Conclusion

Again, thank you for the opportunity to testify on this important topic. We look forward to continuing our work with the subcommittee to ensure that limited TSA resources can be leveraged to produce enhanced security and better results for America's taxpayers and the traveling public.